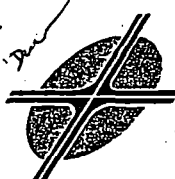


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ASH GROVE CEMENT WEST, INC.

Inter-Office Memorandum

February 1, 1991

Date

To Ken Rone

From Daniel J. Peters

Copies to Dick Cooke
Steve Sheridan

Subject Progress Report

Jim Post

George Wells

EAST TERMINAL

The transportation of silica for Tilbury Cement Ltd. through the Auburn terminal was investigated. This option does not appear economically feasible at this time. Further negotiations with Tilbury may improve the economic feasibility. The Lone Star Northwest option is continuing to be pursued.

A meeting with Weyerhaeuser was held to discuss renewing the Superior silica quarry lease. A second meeting has been scheduled for February 12th to discuss future royalty payments. Jim Post has indicated that he will attend this meeting.

The railroad scale at the Steel Scale Tanks was certified. The terminal is ready and functional for Oilwell Class G cement shipments.

Refurbish work continues on both coal mills. The cone liners arrived and have been installed. Bowl liner installation also has begun.

Preliminary refurbish work was started on the finish mill circuits. Lloyd Electric inspected both finish mill motors and indicated that they will need to be dried out. Work began on making the motor heaters functional.

A safety committee meeting was held for the month of January. Minutes of the meeting have been posted.

A Production Support Level B position was posted. The bid will remain up for three days.

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February 1, 1991

PROGRESS REPORT
SEATTLE TERMINAL

page 2

The King County Grading Permit for the Superior silica quarry was renewed during the week. Permit fees were \$4308.

George Clark will be sent to a local asbestos certification school in February. After being certified, George will repair the damaged siding at the Steel Scale Tanks.

Work was done on updating the annual PCB file at the terminal. This project has yet to be completed.

Several bulk bag orders have been received and are under the process of being filled.

The bucket of the 988 loader will need considerable work performed on the cutting edge. A new cutting edge and protective wear pads will be ordered next week.

Tilbury Cement Ltd. has ordered a barge of silica to be loaded February 5th. This should deplete the silica inventory at the terminal.

WEST TERMINAL

Arlie Mabbott returned to work after a lengthy recovery from an occupational hand injury. R. C. Martinez will be laid off next week when Ken Koenig returns from vacation. The terminal continues to operate with three hourly personnel.

Don Imsland's records have been forwarded as requested by Lone Star's lawyer.

A list of parts which will become obsolete with the installation of the new ship unloader was compiled by Stan Webb.

John Tennant inquired about the feasibility of using the terminal for loading a barge with fly ash. Mechanically, it appears that the proper equipment exists at the terminal to facilitate this request.

SHIPMENTS

East Terminal Sales	2289 tons
West Terminal Sales	2421 tons
LSNW Shipments	0 tons